

## REPORT SUMMARY

### Department of Revenue

This report documents issues noted during our financial-compliance audit of the Department of Revenue (department) for the two fiscal years ended June 30, 2008. The seven recommendations in this report discuss unrecorded liabilities, accounting misclassifications, the Internal Service Fund rate, unauthorized investments, excess vacation leave, notifying the Secretary of State of corporation license tax nonfilers and delinquent filers, and Board of Review meetings. The prior report contained seven recommendations, of which four have been implemented and three partially implemented.

We issued a qualified opinion on the department's financial schedules presented in this report. The opinion on page A-3 discusses misclassifications between current and prior year revenues. This means the reader should use caution when analyzing the presented financial information and the supporting data on the primary accounting records.

The listing below serves as a means of summarizing the recommendations contained in the report, the department's response thereto, and a reference to the supporting comments.

<u>Recommendation #1</u> .....	6
We recommend the department accrue liabilities for metal mines license tax allocations to counties in accordance with state law and accounting policy.	
Department response: Concur .....	B-3
<u>Recommendation #2</u> .....	9
We recommend the department properly classify current and prior year revenue activity, liability and fund balance accounts, and fiscal year for budgetary transactions in accordance with state law and accounting policy.	
Department response: Partially concur .....	B-3
<u>Recommendation #3</u> .....	10
We recommend the department analyze and adjust its delinquent account collection rate as often as necessary to be commensurate with costs, in accordance with state law.	
Department response: Concur .....	B-6
<u>Recommendation #4</u> .....	10
We recommend the department stop investing undistributed combined oil and gas tax revenues.	
Department response: Concur .....	B-6

Recommendation #5 ..... 11

We recommend the department revise procedures to ensure excess vacation leave is properly calculated and used by employees or forfeited in accordance with state law.

Department response: Concur ..... B-7

Recommendation #6 ..... 13

We recommend the department report corporation license tax nonfilers and delinquent filers to the Secretary of State as required by state law.

Department response: Concur ..... B-7

Recommendation #7 ..... 13

We recommend the department director call meetings of the Board of Review as required by state law.

Department response: Concur ..... B-7